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**ILHA FORMOSA – THE BEAUTIFUL ISLAND**

**Creating a Marketing and Implementation Plan for Taiwan's  
Tourism Industry**

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## ABSTRACT

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<b>Supervisor</b> Katarina Broman		
<p>The idea of this thesis was to create a coherent and functional marketing and Implementation plan for Taiwan tourism. The purpose was to get more western tourists travel to Taiwan. The idea was to create Mix and Match packages so that the potential of Taiwan could be used in full. The packages would be implemented so that different destinations in Taiwan could be mixed and matched in the preference of the client in to uniquely tailored vacation packages.</p> <p>This was a theory based thesis and qualitative research methods were used to conduct it. From qualitative research methods, text analysis and literature review were chosen as the tools for conduction. Web sites, books and statistical data were used to gain information, make conclusions and to implement the actual marketing plan.</p> <p>The thesis consisted of three main subjects; in the first part the research method was introduced. In the second part Taiwan in general was presented. Geography, culture, economic and tourism in Taiwan was discussed in this chapter to get a basic knowledge what Taiwan beholds. In the last part marketing planning was construed, destination marketing is introduced and the marketing plan was conducted by applying theory to the Mix and Match package idea.</p>		
<b>Key words</b> Marketing plan, qualitative research, Taiwan		

## TIIVISTELMÄ OPINNÄYTETYÖSTÄ

<b>Yksikkö</b> <b>Kokkola-Pietarsaari</b>	<b>Aika</b> Maaliskuu 2013	<b>Tekijä/tekijät</b> Tiia-Riikka Mattila
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<b>Työn ohjaaja</b> Katarina Broman		<b>Sivumäärä</b> 34
<b>Työelämäohjaaja</b>		
<p>Opinnäytetyön aiheena oli luoda toimiva markkinoinnin kehityssuunnitelma Taiwanin matkailulle. Tarkoituksena oli lisätä matkailua länsimaista Taiwaniin. Opinnäytetyön ideana oli luoda Mix and Match paketteja, jotta Taiwanin matkailupotentiaalia käytettäisiin mahdollisimman laajasti hyväksi. Paketit toteutettaisiin niin, että asiakas pystyisi luomaan annetuista kohde vaihtoehtoista toivotun ja uniikin pakettimatkan joka sopii asiakkaan henkilökohtaisiin toiveisiin.</p> <p>Opinnäytetyö oli teoriapohjainen ja laadullista tutkimusmenetelmää käytettiin sen toteuttamisessa. Laadullisista tutkimusmenetelmistä valittiin käytettäväksi teksti- ja aineisto analyysiä. Nettisivuja, kirjoja ja tilastoja käytettiin tiedon keruuseen, johtopäätöksien tekemiseen ja markkinoinnin kehittämissuunnitelman toteuttamiseen.</p> <p>Työ koostui kolmesta aihe-alueesta, joista ensimmäisessä esiteltiin tutkimusmenetelmä, toinen aihe-alue kertoi Taiwanista yleisesti, ja kolmannessa osassa oli markkinoinnin kehittämissuunnitelma.</p>		
<b>Asiasanat</b> Laadullinen tutkimus, Markkinoinnin kehittämissuunnitelma, Taiwan		

## 1 INTRODUCTION

This thesis is written with passion towards travelling and discovering beautiful places and Ilha-formosa – The beautiful Island of Taiwan truly steals hearts. The motivation for this thesis came through personal experiences. The time spent in Taiwan and the observations made about tourism in Taiwan during this time became a motivator to research why so little western tourists can be seen there and what could motivate more tourists to travel to Taiwan from western countries.

The thesis is conducted by using qualitative research methods like text analyses and literature reviews and on the bases of this information a marketing plan is created.

The objective is to create a functional marketing plan for Taiwan tourism targeted for western tourists. The data received from the Taipei representative office in Finland, about the amount of arriving visitors, strongly supports the hypothesis that Taiwan is a more popular tourist destination amongst Asian tourists than western tourists. (Visitor arrivals by nationality 2012; Visitor Arrivals by residence 2012.)

When examining the figures about the visitor arrivals, the population and the distance have to be taken into account but still there can be found significant differences in the amounts of how many tourists travel to Taiwan in leisure purposes from Asia compared to, for example, Europe. In the time scale from January to September 2012 the total number of tourists entering Taiwan from Asian countries was approximately 5 million and from these tourists around 3,3 million came to Taiwan in leisure purposes when in comparison from Europe the grand total was 157,7 thousand and from these in leisure purposes 43,3 thousand. From this it can be interpreted that the hypothesis is accurate and there is a need for a marketing research and a marketing plan. (Visitor arrivals by nationality 2012; Visitor Arrivals by residence 2012.)

As Taiwan has so many destination possibilities to choose from the idea for the marketing plan would be to offer mix and match packages where customer can build their own preferable holidays in Taiwan. The tourism web pages of Taiwan already offer packages like culinary and shopping. In this case the possibilities would be given, readymade packages that can be mixed and matched and the price would build up from the chosen alternatives. The packages that already exist could be combined. For example there would be a shopping package, hiking package, culture package, culinary package and beach package. The customer could choose taking for example two of these packages and spending a week shopping in Taipei and a week hiking in Taroko Gorges. The packages could be mixed as the customer prefers and accommodation and transportation would be included in the price as well as the activities at the chosen destinations.

The thesis consists of three main subjects. The first part explains the research methods used to conduct the thesis, the second part discusses and introduces Taiwan in general and the third part is the actual marketing plan along with theories about marketing plans and how they should be conducted.

## **2 RESEARCH METHOD**

The qualitative research method is used to conduct this thesis. The aim of this research is to examine what qualities Taiwan already has to be a tourism destination and how they can be enhanced. To find and use this information for conducting a marketing plan for Taiwan's tourism industry, literature is to be reviewed and texts concerning the subject analyzed.

Qualitative research methods are used when quantitative research is not possible or necessary to conduct. Qualitative research emphasizes research techniques which give rather qualitative than quantitative information, so it focuses more on opinions and thoughts than figures and numbers. Often qualitative research tends to foist the view of the researcher of the situation, this because the researcher decides what are and are not important issues and matters to be discussed in the research. In the 1980s, the attitudes changed for qualitative research methods but before that qualitative research method was debated of and refined by social scientists. But even before the attitude changed, there was a need for a research method that would be more descriptive than quantitative studies. In tourism studies qualitative research is common and used to the same extent as quantitative studies these days. (Veal 2006, 193-195.)

Text analysis is one of qualitative research methods. In a text analysis material like texts, pictures, posters and audio-visual content is interpreted and analyzed. Content analysis is a way of conducting a text analysis but it uses a more qualitative approach to the material researched. (Veal 2006, 203.)

In a text analysis the researcher interprets the material related to or being the research problem. The material is divided into more specific sections or themes that are the main points the researcher wants to emphasize from the material being observed. The themes are analyzed on the bases how they correspond or differ from the hypothesis. (Pikkarainen & Karjalainen 1994.)

In this thesis, text analysis is used as the qualitative research method. Books, brochures, articles, studies and web pages are examined and interpreted. From

the material, information about past and current situations about Taiwan's tourism industry is gained and the future trends can be forecasted.



### **3 GENERAL VIEW OF TAIWAN**

Taiwan is more known in the West by its economic success, difficult relationship with China and designed-in-Taiwan or made in Taiwan products, relatively few western tourists visit Taiwan and not many know about the Taiwanese society and culture. (Crook 2010, VII.)

When Portuguese sailors entered Taiwan for the first time they named it Ilha Formosa – The beautiful island, and it is a shame that no more westerners refer to Taiwan by this name, because beautiful it truly is. In this chapter Taiwan is introduced through geographical, cultural and economic aspects. Also tourism in Taiwan is generally discussed and some of the most popular tourism destinations are introduced. (Crook 2010, VII; Taiwan 2012.)

#### **3.1 Geography**

Taiwan is an island located in Northeast Asia, inhabiting about 23.1 million people. After Bangladesh Taiwan is the most tensely populated country and about 10% of the country's population lives in the capital Taipei. Taiwan's official language is mandarin Chinese but also Japanese, Taiwanese and English is spoken. The island is separated from China by the Taiwan Strait and other neighboring countries are Japan and the Philippines, and the area of Taiwan is 36,191 square kilometers, approximately almost the size of Switzerland. The capital city Taipei is located in the north and other main cities are Kaohsiung, Taichung and Tainan. (Crook 2010, 3; Luoma 2012.)

The island is highly mountainous, almost one-third of Taiwan is a kilometer or more above the sea level and the island is rising around four centimeters per year because of its location between two tectonic plates. Taiwan is highly vulnerable to earthquakes due to its location on the "ring of fire", but the location also brings the benefit of having the largest number of hot springs in the world after Japan. Almost 60 % of the country is covered with forests and 20 % of the nature is preserved.

(Crook 2010, 3; Luoma 2012.)

The climate in Taiwan is semi tropical and tropical and the weather can be described as hot and wet. The temperature varies between approximate 10 and 35 degrees Celsius and the average rain fall per year is 2,471mm. (Crook 2010, 3-5; Luoma 2012.)

### **3.2 Culture**

About 98% of the Taiwanese are originated from Han Chinese, meaning that their roots are in mainland China and about 2% of the population belongs to aboriginal tribes. Taiwan can be described more Chinese than China, many of the traditional customs are well preserved when you compare to the communist ruled mainland China. But Taiwan is also much more than Chinese, because of the history Taiwan beholds. The Japanese ruled over Taiwan between 1895 and 1945 and Japanese food and architecture can still be found in Taiwanese everyday life and American influences can be seen, like the love of baseball. (Crook, 2010, VII; Luoma 2012.)

Religion is an important part of Taiwanese everyday life, myths and beliefs play a big role and lot of people wear amulets and jade jewels to bring good luck. There are 26 registered religions in Taiwan but Taoism and Buddhism are the major religions. (Luoma 2012.)

The people in Taiwan are friendly and kind. Help can be found anywhere despite the language barrier that sometimes appears. The good food and the good mood that people generally have in Taiwan bring even more value to the travel experience. It is also generally said that Taiwan is a very safe travel destination, crime does not happen often but people are advised to be aware of pick pockets at the night markets.

### **3.3 Economy**

Taiwan has developed during the past years from being an export country of low-cost goods to a well-formed capitalist economy. The barrier of entry is so low on

Taiwan markets that thousands of new companies emerge every year, even without business licenses. While head offices are still kept in Taiwan, many large Taiwanese corporations have shifted some or all their manufacturing to low cost countries like China and Vietnam. More than a half of the working population is employed by the service industries, like the tourism industry. In 2007 Taiwan was the 24<sup>th</sup> largest economy in the world, with a GDP of US \$383.3, the years 2008 and 2009 were slow for economic growth but in 2010 progress was happening again. Taiwan's largest trading partner is now China, one-third of exports goes to the mainland. (Crook 2010, 23.)

In the 2012 index Taiwan's economic score was 71.9 higher than the world average. Taiwan has become the global leader of economic freedom due to openness to global commerce and strong commitment to structural reform, at the moment Taiwan is one of the world's 20 freest economies. (Economic Freedom 2012.)

### **3.4 Tourism in Taiwan**

Taiwan has a full potential of being a popular tourism destination. The beautiful landscapes, the diverse flora and fauna and the climate make Taiwan an interesting destination to travel to. Taiwan gives many opportunities for travelers to choose from, for shopping the perfect place to go to is the capital Taipei, for beaches and sun travelers can go to the south of Taiwan to Kenting and these two can even be combined because of the high-speed train going across the whole island in just two hours. For travelers seeking adventure and beautiful nature Taiwan offers many destinations like Taroko Gorges for hiking, the Sun moon lake for beautiful landscapes and history and the north of Taiwan is a place to travel to experience the hot springs. The big night markets of Taiwan offer a culinary experience for tourists by offering an authentic atmosphere and food as well as souvenirs and cheap clothes. And these are just a few places worth of mentioning.

Although Taiwan has a lot to offer, western tourists have not found Taiwan yet as a popular tourism destination. The statistics provided by the Taipei representative office indicate that Taiwan is a more popular travel destination amongst Asian

tourists than western tourists. In January to September 2012 the total amount of tourists arriving to Taiwan from Asia was 4,7 million and from for example USA there were 362 thousand inbound tourists at the same period of time, the difference is noticeable. When looking at the time periods from January to September 2011 and from January to September 2012 the total increase in visitors arriving to Taiwan was 24,2 % so the amount of inbound visitors has been growing but when comparing the increase of incoming visitors from Asia and from USA or Europe the growth from Asia was 27,8 % but from USA it was only 1,5 % and from Europe 2,8%. (Visitor arrivals by nationality 2012; Visitor Arrivals by residence 2012.)

The annual survey report conducted by the Tourism bureau, Ministry of transportation and communications (M.O.T.C) republic of China in 2011 notes that the largest categories of inbound tourists to Taiwan are mainland Chinese, Japanese, Hong Kong and Macao visitors. The report indicates that the overall satisfaction of inbound tourists coming to Taiwan was 93 % in the year 2011 and the most competitive advantage of Taiwan was the friendliness of the people. (Survey 2011.)

Below the map of Taiwan is presented indicating the largest cities.



GRAPH 1. Map of Taiwan. (Adapted from Lonely Planet 2013.)

## 4 MARKETING PLAN IN THE TOURISM INDUSTRY

The word market comes from the Latin word *mercatus* meaning 'to trade'. For people today the word market has more meaning than just only a place, market is an atmosphere where demand and supply operate directly or using communication to exchange goods. (Sherlekar, Nirmala & Salvadore 2005.)

So for companies today marketing is a vital tool for businesses to operate profitably and in this chapter destination marketing is introduced and what a marketing plan is, will be discussed and the different phases that a marketing plan includes will be presented.

### 4.1 Destination marketing

Destinations play a fundamental role in tourism. Tourism destinations compete for the attention of the potential customers and because of the highly competitive nature of the marketplace; marketing and managing must be effective and strategies that reflect the current market conditions must be used. (Wang, Abraham & Breiter 2011.)

As the tourism industry grows driven by population growth, economic affluence and other structural factors, the marketing and managing of destinations must build up at the same speed. Tourism industry growth strongly relies on the support of other external systems such as economic, political and socio-cultural and is not to be perceived as a closed or individual system. These external systems influence and work as the driving forces of destination marketing and management. (Wang et al. 2011.)

In a report conducted by Karl Albrecht International (KAI) for the Destination Marketing Association International (DMAI), the eight driving forces or one might say "super trends" of destination marketing and management are defined. These trends are: The customer environment; today the travelling customers seek and demand for more options and versatile combinations of services, experiences and prices. Destination marketers should meet the versatile preferences of the

customers and design a diverse set of options and target their packages well. (Wang et al. 2011.)

The competitor environment; as the tourism industry keeps on growing the business must find the most efficient way of informing the customer of what they can and have to offer. Marketers must distinguish the company presented from the flood of information the customer is getting from media and the internet. So basically by getting media visibility and a large share of the internet traffic involving travel decision making it brings visibility to the destination marketed. (Wang et al. 2011.)

The economic environment; because of the uncertain and rapidly changing economic situations, destination marketers must be flexible. Different situations are to be assessed and development agendas and strategic plans should be formed around the altering economic scenarios. (Wang et al. 2011.)

The technological environment; as the battle over customers is increasingly shifting to the internet, the functionality, intelligence and sophistication of the web pages advance and marketers are to keep up with the pace of the technology moving on. This can be made by developing websites that give a wide variety of information to the potential customer in an informing and entertaining way, supporting and advising the customer. This includes implementing social networks and attention, optimizing and analyzing search engines and website traffic patterns. (Wang et al. 2011.)

The social environment; the social environment is changing to identify the number of relationships in a more shallow way, through social networks online. Social networks are an efficient way to reaching and researching customers by forming specialized groups of interest. Destinations can be promoted using blogs, social networks and other internet technologies. (Wang et al. 2011.)

The political environment; destination marketing/management organizations (DMO) are uncertain of their role in decision making because of the doubt of local governmental authorities have regarding what the role DMOs is and what value

they can bring. In popular destinations the authorities might question the need of destination marketing and the local citizens might see tourists as intruders rather than as a supporting force of the community's economic development. The risk is involved that the DMOs are left outside of important strategic conversations and it is vital that they involve and lead the local strategic conversation towards the importance of the role visitors' play on the destinations sustainable development. (Wang et al. 2011.)

The legal environment, as part of the legal and political and such agendas governments lay down taxes, laws and restrictions regarding commerce related to travel. These legislative interventions work to the advantage for some and to the disadvantage for others and may even cause conflicts and competitive vengeance. Destination marketers should stand for mutual and shared solutions that counterbalance the social, political, economic and ecological benefits for all parties involved. (Wang et al. 2011.)

The geophysical environment; growing focus on environmental issues creates pressure for society and government in many levels to be perceived as "green". Destination marketers should offer plausible and innovative ideas how to combine "being green" with a satisfying travel experience and sustainable economic development. (Wang et al. 2011.)

These trends should be taken into account when conducting the marketing plan. And as it can be seen the competition is high and the customers demand more all the time so the marketer must meet the needs of the customers but also meet the needs of the locals at the destination. A balance must be found between making profit, keeping customers interested and satisfied but to also to keep the authorities and local inhabitants satisfied. Tourism is a constantly changing business environment and marketers must keep up with the trends to attract customers.



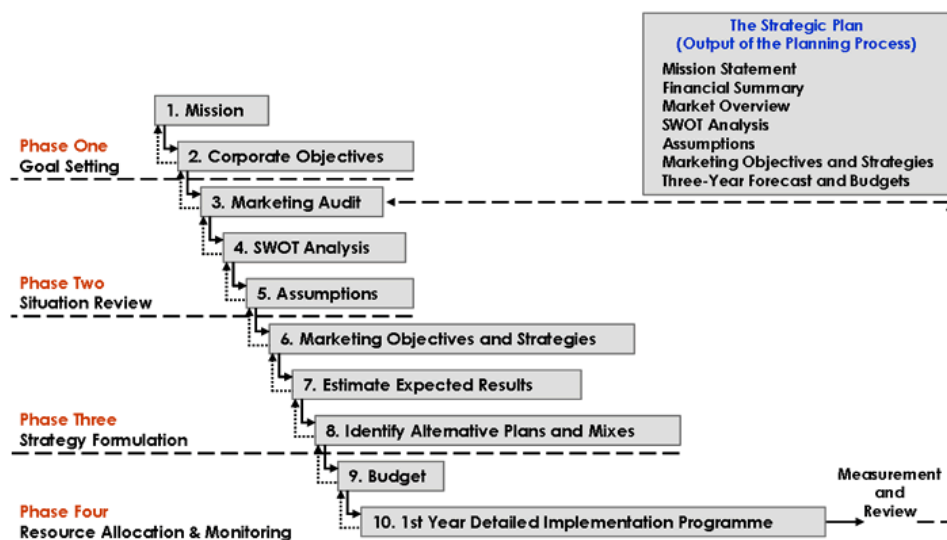
## **4.2 The concept of a marketing plan**

Marketing planning can be described to be an activity that is cross-functional and versatile covering all aspects of organizational life. In the process of marketing planning the right tools are chosen to achieve the wanted objectives. The actual formula of a marketing plan is fairly simple; it includes an overlook of the current situation, process of making assumptions and based on the assumptions made, setting objectives what is sold and to whom, it is also essential to cogitate how the goals set can be achieved and to make a schedule and count the costs of implementation. The aim of marketing planning is to plan and apply the recourses of marketing to meet the marketing objectives. (McDonald & Wilson 2011, 23-25; McDonald 2008, 37.)

Although as a process, marketing planning is simple to understand the implementation of it is one of the most difficult tasks of marketing. The process involves bringing all the aspects of marketing to a consistent and coherent plan. For companies marketing planning is essential to find the balance and even out the inequality between the four main goals companies commonly set, that are maximizing profits, maximizing revenue, maximizing return on investment and minimizing the costs. Marketing planning also adds realism to the hopes for the future. (McDonald & Wilson 2011, 23-25; McDonald 2008, 37.)

## 5 REALIZING A MARKETING PLAN

Now that destination marketing and the aspects of a marketing plan have been generally discussed the main elements of a marketing plan can be more deeply examined.



GRAPH 2. The 10 steps of the strategic marketing planning process (adapted from McDonald 2008, 39.)

As shown in graph 2, the marketing planning process can be divided into four phases: goal setting, situation review, strategy formulation and resource allocation and monitoring. These phases withhold mission statement, overview of the current markets, setting marketing objectives and strategies and definition of the required resources. In the next sub-chapter the first phase of marketing planning is discussed and the main parts of goal setting are introduced. (McDonald 2008, 47.)

### 5.1 Goal setting

Marketing planning must be highly consistent with the corporate goals and therefore a mission statement and a financial summary must be attached to the marketing plan. In this sub-chapter the role of mission statement and financial summary are introduced.

### **5.1.1 Mission statement**

The mission statement briefly describes the marketing plan. In the mission statement it must be defined in short the service or the product offered, the markets targeted, the aims hoped to be achieved and the competitors. The mission statement is an introduction and operates as a marketing tool for the marketing plan. (Gerson & Shotwell 1991, 12.)

The mission statement of this particular marketing plan is to raise awareness of the western tourists of the tourism opportunities of Taiwan. The goal is to get more inbound travelers from western countries to Taiwan and enhance the tourism services in Taiwan. The products offered would be tourism packages to meet all kinds of needs of the potential tourists. The competitors are the surrounding countries like China, Japan and Hong Kong that already attract tourists from all over the world and are well known travel destinations.

### **5.1.2 Financial summary**

The financial objectives of the organization are stated in the financial summary. Financial objectives can be the revenue, costs, advertising and profit gained. The organization has to consider the revenue wanted when the marketing plan is implemented and also the costs so that the quality of the product or the service meets the company standards with the best possible price to bring the revenue wanted. Advertising is not only about the strategies used it is also about the money spent on the advertising. From the past records it can be forecasted how much money must be spent on advertising and then after the implementation of the marketing plan it can be evaluated if the money was well spent. Profit determines how much the company can raise the asking price to be able to produce the product and attain the predicted profit margin. (Anderson 2012.)

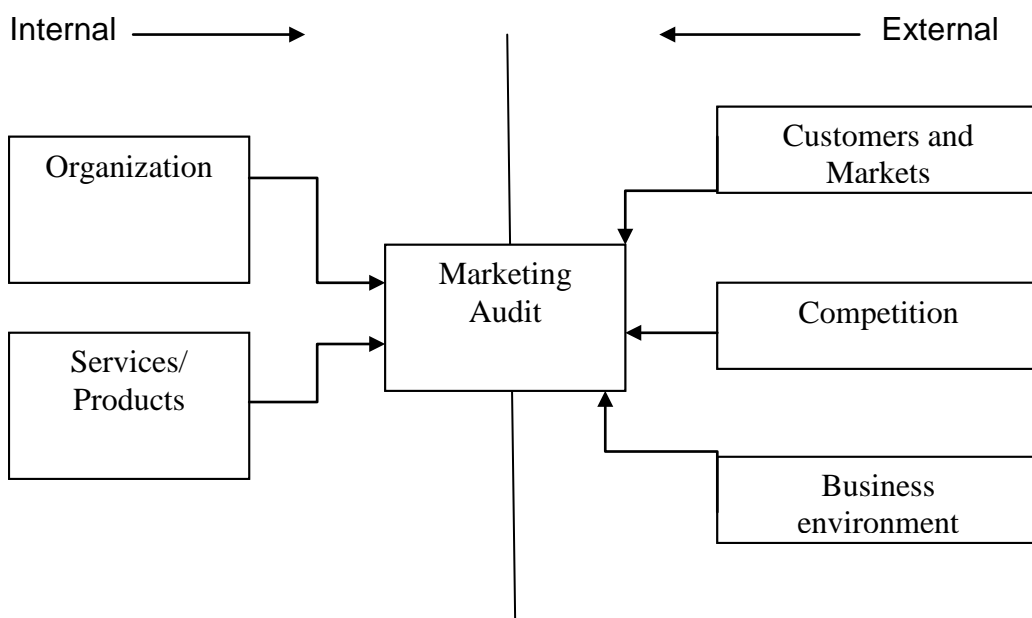
## 5.2 Situation review

Situation review is phase two of marketing planning. In this phase marketing audit is conducted and the internal and external factors affecting the current position of the organization are analyzed. Marketing audit gives the company a better frame of the current environment the organization operates in and helps to select the best position, audit shows the issues to which to improve in and provides information about the business environment and gives a structured manner of an approach of data collection and analysis. (McDonald 2008, 38-41.)

The marketing audit answers the question “Where is the company now?” and should be conducted in an un-biased, systematic and a critical way assessing the marketing operations of the organization. The marketing audit should introduce how the internal strengths and weaknesses match with the external threats and opportunities. (McDonald & Payne 2005, 88.)

The marketing audit is to be divided into two variables, the external and the internal. The external are the factors that cannot be directly controlled by the organization, and the internal are the factors that the organization has a direct control over. (McDonald 2008, 38-41.)

In the graph below the aspects of internal and external auditing are shown and in the sub-chapters these audits are explained and used to conduct a SWOT-analysis and Porter’s five force analysis.



GRAPH 2. The constituent parts of the marketing audit (adapted from McDonald & Payne 2005, 90.)

### **5.2.1 External audit**

The external audit consists of factors that the organization can not directly control. External variables are the opportunities and threats in the SWOT- analysis; these include the competitors and the political, economic, social and technological surroundings. (McDonald & Payne 2005, 88; McDonald 2008 40-41.)

Like many times noted before, Taiwan is more popular in the current situation amongst Asian tourists than western tourists. Currently the customers are mainly Asian so the markets are mainly targeted for them. The western tourist needs are not met in the way that would attract more westerners to travel to Taiwan. Some of the causes might be advertisement that has not appealed or does not exist for the western tourists or for example the fear of language barrier in the location country.

When considering the business environment from a governmental and legal point of view, the immigration laws and visa regulations have made traveling to Taiwan fairly easy. In Taiwan a tourist can enter the country without a visa for 90 days but they must have a return or continuing ticket out of the country. The passport must also be valid for at least 6 months at the time entered to Taiwan. This makes the decision to travel more easy and makes travelling more convenient. The light visa regulations also make the selling of the mix and match packages more easy as neither the company nor the customer has to consider the visa regulations as 90 days is a fairly long period of time for a stay. (Visa Issues at Taipei Representative Office in Finland 2009.)

The social environment of Taiwan is tourist friendly. The hospitality of the Taiwanese is known among the tourists and is not praised in vain. In a report made by the Tourism Bureau MOTC, it can be found that tourists who had been to Taiwan said that Taiwan's most competitive advantage is the friendliness of its people. Personal experiences speak for this result also, although English is not

that well-spoken in Taiwan, especially in the southern parts, people are still very keen to help and to try to understand and speak. Good manners are respected and customer service in Taiwan is first class. (Survey 2011.)

The annual survey report on visitors expenditure and trends in Taiwan, conducted 2011 by the Tourism bureau, MOTC indicates that the three most favorable Asian countries to visit are Japan, Hong Kong and Thailand amongst the group surveyed, thus these countries can be considered as the competitors of Taiwan in the tourism branch. (Survey 2011.)

### **5.2.2 Internal audit**

The internal audit variables are the ones the company has a direct control over, they are an organization's resources and operational variables. These are the strengths and weaknesses in the SWOT-analysis. The internal audit consists of research topics like strategy, structure, functions, systems and productivity of the organization's current marketing. (McDonald & Payne 2005, 88; McDonald 2008, 40-41.)

In the annual survey report on visitors' expenditure and trends in Taiwan it is stated that 93 % of the visitors were satisfied with their experience of Taiwan, the superior characteristic compared to other popular Asian tourism destinations was the friendliness of the people. Other factors that impressed visitors were gourmet food and different sightseeing spots and night markets. The survey also indicates that tourists were satisfied with the public transportation in Taiwan. The percentage of inbound visitors that have revisited Taiwan had grown with 2% from 2010 to 2011. (Survey 2011.)

The survey shows also that still most of the inbound tourists coming to Taiwan are from mainland China, Japan or Hong Kong as over half of the people who answered the questionnaire were from these countries. Also the statistics provided by the Tourism Bureau of Taiwan prove that Taiwan is not yet a popular destination amongst western tourists. (Survey 2011.)

When looking into the most popular scenic spots in Taiwan the survey lists as the most popular spots Jioufen, Taroko, Sun Moon Lake, the Night markets and Taipei 101, also other destinations were mentioned. The variety of choices can be also seen from the survey as these popular scenic spots differ a lot from each other. (Survey 2011.)

As tourist nowadays are looking for more and more places that are untouched and not so touristic, Taiwan could use this as a competitive advantage and advertise itself as the new destination in the tourism field. And as the qualitative study shows tourists are very pleased with their experience about Taiwan and are willing to visit again, this experience should also be promoted more to the western tourists to gain a new target market.

### **5.2.3 SWOT- analysis**

A SWOT- analysis can be defined as an auditing tool for the organization and its environment. In the SWOT-analysis the findings from the marketing audit are gathered in to a format, it is one of the first steps in marketing research and planning and helps the marketer to focus on the main points. Like the marketing audit, SWOT is to be divided into two sections, the internal and the external. The internal part should include the inner strengths and weaknesses of the company and the external should include opportunities and threats coming from outside of the company. (Armstrong & Kotler 2009, 84-85; SWOT 2000.)

The goal is to match the company's strengths to attractive opportunities in the environment, while eliminating or overcoming the weaknesses and minimizing the threats. (Armstrong & Kotler 2009, 85.)

The conclusions that can be drawn from a SWOT – analysis are; how to strengthen the company's strengths, how to eliminate weaknesses, how can the opportunities be utilized and how to deflect the threats. And the measures that can be made reflecting on these conclusions are to strengthen the strengths and utilize them in the future, to correct the weaknesses found, to utilize the opportunities

according to the resources and to prepare well for the possible threats. (SWOT-Analyysi 2009).

TABLE 1. SWOT-analysis.

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> <li>• Climate</li> <li>• Short distances</li> <li>• Wide range of destinations</li> <li>• Friendliness of people</li> <li>• Light visa regulations</li> </ul>	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> <li>• Language skills</li> <li>• Not so known as a tourism destination</li> </ul>
<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> <li>• competitors' good market position</li> </ul>	<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> <li>• Versatile environment</li> <li>• Short distances</li> <li>• Travelers looking for uniqueness</li> </ul>

In the SWOT-analysis the information gained from the materials used for the audits, is gathered. The strengths of Taiwan are; the good and variable climate, the short distances that makes it possible to travel across the country in only a few hours, the wide range of destinations as Taiwan offers everything from beach holidays to shopping sprees in the biggest cities, the friendliness of the people is a big factor for tourists coming to Taiwan as it was proved in the studies, and the light visa regulations makes it easy to enter the country compared to for example China that demands visa from everyone entering the country.

The weaknesses of Taiwan come from the language barrier especially in the southern locations like Kenting where English is not so much spoken. This makes travelling more complicated. But the younger generations speak more and more English and this could be then utilized further on. The other weakness is the fact that westerners do not see Taiwan yet as the first choice to travel to when compared to for example China or Japan. Competitors have a big competitive advantage as they are better known. The knowledge of Taiwan must be enhanced in order to get people to know Taiwan and what it has to offer. The biggest threat



for Taiwan tourism is the competitive advantage of the surrounding highly touristic countries. Taiwan has not yet reached the same kind of touristic image among the travelers as the competing countries and the surrounding countries like China and Japan attract more tourists than Taiwan.

The opportunities for Taiwan could be listed to be the versatile options of activities in the country and the short distances and good transportation that make the transferring from one spot to another fairly easy. One of the opportunities is also the uniqueness of the destination, especially for the targeted customers from the western countries. The uniqueness could be utilized in the marketing as well as when building the possibilities for the mix and match packages.

So for the moment Taiwan has excellent possibilities to be a valued tourism country. The aspects that affect Taiwan's tourism industry positively are the easy accessibility, the good mobility inside the country, good variety of choices what to do in Taiwan, the friendliness of the people and the uniqueness of the destination to the targeted consumer group. The aspects that affect Taiwan's tourism industry negatively are the fact that it is not so well known as a touristic country, the fact that the level of English is not that high and the good position of the competitors in the markets.

With good contacts and cooperation with the local tourism product distributors and with the right kind of advertising the target customers could be reached. As Taiwan already offers some package trips, this could be taken to the next level by combining the packages and with the right kind of marketing campaign the consumers could be educated about the uniqueness and the variety of possibilities Taiwan has to offer.

### 5.2.4 Porter's five forces analysis

This analysis is used to analyze the competitive position of the company. Porter's model focuses on five forces that influence the competitive force and the attractiveness of the company and these five forces are; the threat of new competitors, threat of substitute products or services, bargaining power of customers, bargaining power of suppliers and intensity of competitive rivalry. In this sub-chapter Porter's model of five forces is introduced and applied to the marketing plan itself. (Viiden Kilpailuvoiman malli 2009.)

The following graph shows the interaction between the five forces and below the five forces are more thoroughly explained



GRAPH 3. Porter's five forces analysis. (Adapted from Mind Tools Ltd 1996-2013.)

The first of the five forces is the threat of new competitors meaning that new arrivals are always a potential threat to already existing companies. A new company faces difficulties that can be categorized in to two categories, the already existing barriers and the reaction of already existing companies. To be able to handle these obstacles, a company must consider multiple factors. Like the benefits of mass production, that in this case is not possible as the product sold is not tangible. Mass production is more profitable in long term when the benefits of

production technology are taken into account. (Viiden Kilpailuvoiman malli 2009; Porter's five forces 2013.)

Also product differentiation has benefits as the product sold would differ a lot from the competitors' product. This could be used in the case of mix and match packages. The destination in general does not differ a lot from the competitors but it has many factors and details that differentiate it from the so called products that competitors have to offer. The differentiating factors are; the short distances, big variety in destinations in the destination, the varying climate and the competitive advantage brought by friendliness of the people. As new arrivals weaken the position of the already existing companies these barriers must be made to preserve the favorable position. As a new company or as a new product these already existing barriers of already existing companies must be considered and it must be considered how to pass these barriers of entry. (Viiden Kilpailuvoiman malli 2009; Porter's five forces 2013.)

The threat of substituting products or the threat of substitution indicates the customers' ability to find different products or different ways of doing what the company is doing now so that it is still similar and gives the same advantage for the customer. If substitution is easy this weakens the companies' power. In this case for example the holiday to Taiwan could be substituted with local domestic travel or with some destination closer to home. In the marketing the uniqueness must be highlighted so the threat of substitution can be lowered. The consumer must understand from the advertisements and web-sites that this product is something that cannot be substituted. But as said before, competition in the tourism industry is very high and this makes the differentiation difficult and the threat of substituting products is high. (Viiden Kilpailuvoiman malli 2009; Porter's five forces 2013.)

When considering the bargaining power of customers the company has to think about factors like how important is the service to the customer, what is the possibility of the customer to buy substituting products, how much information the client has about substituting products and are there trends in the clients' consumer behavior. People travel more and more and an annual holiday is not luxury

anymore, travelling is not considered to be a necessity but it brings extra value to life. People are seeking new destinations and this makes the product important to the customer. Like said before the possibility of the customer to buy substituting products in the tourism industry is high, this is why product differentiation is needed. The amount of information about substituting products is overwhelming and this makes it hard to get the message through to the customer and have them make a decision of purchase. Trends can also been seen in the travel industry, and some years some destinations are more popular than others. There are annual favorites that tend to be seen in the most popular lists every year but also new and innovative places can sometimes get to the most popular list just because of their uniqueness and consumers will to discover something new. (Viiden Kilpailuvoiman malli 2009; Porter's five forces 2013.)

The bargaining power suppliers or the power of supplier power is the power the suppliers have to drive prices up. This depends on the uniqueness of the product or service the supplier offers. In this case it could be hotels, resorts, restaurants and sightseeing spots that offer their services for the mix and match packages. For most of the places listed, Taiwan has many choices and hotels and restaurants would not be the ones to raise the prices. But scenic spots and more rare and unique destinations could be able to do this. As the mix and match packages are very dependent of the suppliers this is one force to take seriously in to account because it affects directly the expenditures. (Viiden Kilpailuvoiman malli 2009; Porter's five forces 2013.)

As many times noted the competition is very high in the tourism industry, the competitive rivalry force affects Taiwan's tourism industry highly especially because of the good tourism market position of the neighboring countries. Here again the differentiation of the product must be considered. The way of standing out from the other tourism product suppliers is to offer something no one else can offer and this would give the company a great deal of strength in competition. (Viiden Kilpailuvoiman malli 2009; Porter's five forces 2013.)

To conclude, to survive the entry to the markets the weak spots of the competitors must be found and the barriers must be broken. A product's uniqueness and

product differentiation is vital so that substituting products are hard to find and the customers will not change for a substituting product. As competition is high and the products tend to be very similar to each other in the tourism industry it is hard to make a product that differs from other products so much that it cannot be substituted, but any kind of uniqueness adds competitive advantage. The suppliers are also vital for the company and the force of the suppliers is quite strong as they can affect the prices.

### **5.3 Strategy formulation; objectives and strategies**

In the phase strategy formulation the marketing plan's objectives and strategies are defined. An objective is something that is wanted to be achieved; strategy is the way to achieve the objectives. Marketing strategies are considered through the four P's of the marketing mix. In this sub-chapter the four P's of the marketing mix are discussed. (McDonald & Wilson 2011, 46; Marketing Strategy 2013; Market Strategies 2006.)

#### **5.3.1 Marketing mix**

The marketing mix consists of four key decision areas: product, price, promotion and place. The four P's of the marketing mix are the driving forces of a marketing plan and these elements must be adjusted to meet the market conditions and regard the competitors' actions. Here the four P's are more thoroughly examined.



GRAPH 4. The 4p's of the Marketing Mix (Adapted from Marketing Teacher Ltd 2000 – 2013.)

### **5.3.2 Product**

Tourism products are combinations of several components that can be tangible or intangible. This bundle is seen by the customer as an experience available for them at a named price. Tourism products can be divided into two sections: the overall tourism products and the products of individual tourism businesses. The overall tourism product covers the whole experience, accessibility, facilities and attractions of the destination. The individual tourism business product is more specified like car rentals, hotels and airlines as individual products. (Middleton, Fyall, Morgan & Ranchhod 2009, 120-122.)

The product reflects the perceived wants and needs of the customer and the components that a product includes are basic design, style and ambience, the service element and the branding of the product. In the tourism industry the products must be continuously re-assessed and formulated to match the rapidly changing environment. The product must be designed so that it meets the expectations of the target consumers and their financial abilities. (Middleton et al. 2009, 138-139.)

The product would be in this case, the mix and match packages. Like said before, the customers could make a package fulfilling their personal needs. Ready tailored options would be given from which the customer could choose the preferable ones to make their own package holiday. The length and the dates could be altered. The mix and match packages would reflect the preferences of the customer well because the customer is able to make packages that suit perfectly his or her needs. The short distances and the variety of destinations in Taiwan make this kind of services possible and differentiate the service from the competitors' services.

### 5.3.3 Price

The variable 'price' must be considered from the view point of the company and the customer. For the company income generation is determined by the pricing strategy. Income is used to compensate the service providing costs and to create profits. The price also reflects on the companies' corporate objectives, the price must be set so that it shows the core values of the company to the environment and follows the overall image the company carries. With the price the image of the company is supported, price must match the offer in overall. (Chew, Lovelock & Wirtz 2009, 23; LCCI CET 2009, 130.)

The customer views the price from a slightly different angle, after seeing the cost the customer also evaluates if it is worth their time and effort. The price must be set so that it gives benefits to both the company and the customer. The company must gain income, profits, and maximize revenues and the customer must gain a worthy experience for the money and time spent. (Chew et al 2009, 23; LCCI CET 2009, 130.)

In the tourism industry many times there is a regular price and then one or more promotional prices that are discount prices. Discounted prices serve a specific market segment or are used to manipulate demand to affront the impact of seasonality or competition resulting from overcapacity. The price is also affected by the alteration of economic situations. (Middleton et al. 2009, 140.)

For the mix and match packages, the price for the customer depends on what destinations the customer chooses, on what dates the customer wants to travel and on the length of the stay. The price could also be determined seasonally and peak seasons and low seasons could be defined and prices fixed accordingly. The costs for the organization come mainly from advertising and labor costs. It would be crucial for the mix and match packages to work, to have good relationships with the local tourism companies and airlines closely work together so that the benefits are gained for the both parties as well as for the customers.

Opportunity pricing could be used as the pricing technique as the seasons vary and there might be a need for raising or lowering the price during the financial year. If the demand is high so is the price if the demand is low then the price will be lowered too. But in this pricing technique the company must be aware all the time about the market conditions and react fast to the changing situations. Also the lowest possible price must be set. (LCCI CET 2009, 134.)

#### **5.3.4 Promotion**

The three most significant roles of the variable promotion are to provide information, to dissuade the customers targeted and to encourage customers towards the purchase decision. Promotion includes advertising, sales promotion, brochure production, internet communications, direct mailing and PR activity, these are used to raise awareness among the potential customers, to raise demand and to provide stimulants to purchase. The purpose for promotion is also to build up supportive relationships and this way to get the customers to repeat the purchase. (Middleton et al. 2009,140; Chew et al. 2009, 23.)

In this case, the emphasis of the advertising should be on the uniqueness of the packages offered. The possibility to experience a large variety of destinations in a short time and with not much effort does not exist in many places. The advertising could be done by captivating TV-commercials that introduce the beauty of Taiwan.

Social media is also a good option for promotion and advertising as a growing number of companies do their advertising through social media. Offers, new packages and such would be announced on Facebook and Twitter. These social media tools are used around the world daily and they catch well the attention of consumers. Campaigns and competitions could be launched at these social medias to gain visibility, the best packages could be voted on or the best combinations. Through this consumers would learn about Taiwan and about the destinations possibilities, and would be more willing to make the decision of purchase. As the channel of distribution would be web-sites, they also work multi functionally by distributing the product but at the same time also working as a promotional tool.



### 5.3.5 Place

Place is the distribution channel from where the sales can be made. Place includes tour operators, travel agencies, reservation systems, retailers and web sites. A growing amount of travel and tourism businesses have in the past years moved their distribution online where consumers can access their services anywhere at any time. This has made tourism services even more globalized and convenient to access. (Middleton et al. 2009, 140-141.)

E-commerce is a term that refers to internet as a tool being used for marketing and exchanging goods and services. As a rapidly growing business, E-commerce is widely used all over the world. E-commerce can be divided into three categories: business-to-consumer, business-to-business or consumer-to-consumer. The different web sites can also be classified in three different categories by their functions. The promotion sites are for marketing goods and informing the consumers about the goods and services, content sites provides news and entertainment and transaction sites allow the customer to make purchases. (Keegan & Green 2008, 576-577.)

For the mix and match packages the most convenient distribution channel would be the internet. The packages would be sold on a web site where the customer could easily explore the different options and see the prices for different combinations and also make purchases. Travel agencies, airports and tourist information services could have brochures about the mix and match service. Also local tourism bureaus could adapt the mix and match packages, have them on their lists with information about Taiwan and the packages could be distributed this way also.

The service could be categorized in business-to-consumer e-commerce as well as consumer-to-consumer as the packages would also be promoted in the social media. The site that is to be set up would work as a promotion and transaction site

as the customer is able to get information about the product through the sites as well as make a purchase.

#### **5.4 Resource allocation and monitoring**

In resource allocation and monitoring the budget is to be set. The overall budget is set for the full three-year period and a more detailed budget plan for the crucial first year. A major challenge for many marketing and financial directors is to have the budget set up in a dynamic way, one way to do this would be that all expenditures related to marketing would be justified from a base zero annually against the wishes wanted to accomplish. This approach reassures that all budgeted items can be related to the corporate financial goals and also if changes need to be made with this approach the changes can be made in such way that the least amount of damage is caused to the companies' long term objectives. (McDonald & Wilson 2011, 47.)

## 6 DISCUSSION AND CONCLUSIONS

A marketing plan is a multi-phased and complex mixture of analyzing the past and current situations and on basis of that information predicting what in the future could be made to get better results. In the marketing plan all aspects must be taken into account, the internal factors and the external factors and combining these into a coherent plan.

Taiwan is a beautiful country, offering a lot to see. The culture and the people make the experience in Taiwan unique and Taiwan has in a small package everything one might look for from a vacation.

In this case the research problem was the destination lacking one potential group of customers. The main goal was to enhance Taiwan's tourism in general and also to get more western tourists interested in Taiwan as a travel destination. In order to do this, mix and match packages were invented to give a new perspective of the potential of Taiwan. The short distances and the variety of the destination choices in Taiwan gave the idea to combine these different destinations into functional packages so that the travel experience in Taiwan would be enhanced. These packages would bring Taiwan tourism providers together and mutual benefits would be gained as many different destination choices and touristic product could be sold from the same web site.

The packages give customers the freedom of choice, a beach holiday does not have to be only a beach holiday, other interests could also be combined to the vacation. The web sites itself would work as promotion but at the same time social media and TV-commercials could be used to inform and educate consumers about these packages and generally about Taiwan.

The information provided by the Taipei Representative office in Finland helped a lot in conducting this thesis. With this information and the own experiences gained could be related into theory and the research problem was confirmed.

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